The regular meeting of the Council of the City of Martinsville, Virginia was held on June 30, 2015 in Council Chambers, Municipal Building at 7:30pm. Council Members present include: Mayor Danny Turner, Council Member Gene Teague, Council Member Mark Stroud and Council Member Sharon Brooks Hodge. Absent: Vice Mayor Jennifer Bowles. Staff present included: City Manager Leon Towarnicki, City Attorney Eric Monday, Karen Roberts, Susan McCulloch, Linda Conover, Police Chief Sean Dunn, and Assistant City Manager Wayne Knox.

Following the invocation by Mark Stroud and Pledge to the American Flag, Mayor Turner welcomed everyone to the meeting.

Recognition of Brenda Prillaman, retired Clerk of Council and Executive Assistant to the City Manager. Council Member Gene Teague read a proclamation honoring Ms. Prillaman and thanked her for her many years of service.

Comments from outgoing School Board Chairman Robert Williams - Mr. Williams stated he wanted to address concerns and dispel rumors that exist in the community. As school board members, they have three major responsibilities including 1) to prepare with the superintendent and her staff a budget for the school system and to vigorously advocate for that budget for which they feel meets the needs of the school system, 2) to review, create and review policy for the school system, and 3) to hire and terminate, if necessary, the superintendent. Mr. Williams stated that the school board, same as City Council at times has to make decisions that others don't agree with. Secondly, he stated that there was a rumor circulating about the number of students who graduated Martinsville High School but were not eligible. He explained that 125 students graduated at Martinsville High School during May ceremonies, 3 more students graduated from regional programs, 10 students did not meet graduation requirements but the board is working with those students over the summer to help them meet those requirements and will be offering a summer graduation ceremony. He emphasized that statements claiming there were 70 students that failed to meet graduation requirements was incorrect. He stated that losing teachers is a concern and recruiting teachers is difficult. The school board has set aside money for hiring in difficult areas like math, engineering and minority hiring and the board has implemented a plan with school staff and citizens to address recruiting of minority teachers. A competitive salary and healthcare coverage costs put the local school system at a disadvantage when hiring teachers. Mr. Williams stated in regards to SOL performance testing that all City schools were accredited with warning. The staff has changed the way they were teaching to adjust to the testing. The school board monitors the progress of all City schools. Mr. Williams thanked Council for giving him the opportunity to serve on the School Board. Council Member Hodge thanked Mr. Williams for his service. She stated that she hears there is a climate of fear among teachers and lack of communication with parents and that the Board is not doing a very

good job holding the superintendent accountable. Mr. Williams commented that parents were invited to meetings but unfortunately budget decisions had to be made quickly so there was no luxury of taking the discussion to the community beforehand. Council Member Teague thanked Mr. Williams and also Ms. McCraw for their service, stating they had done the job without pay and worked countless hours. Teague said it was obvious that their hearts were always with the kids. He stated that he understands there are reasons why the scores are not where they need to be but unfortunately that's one thing people look at when moving into the community and suggested that Council needed to have this discussion with the new chairman during an upcoming strategic planning session. The School board wants to continue the dialogue with Council and they want to get out into the community more. Council Member Stroud also thanked Mr. Williams and Ms. McCraw for their service on the school board. He thanked Mr. Williams on his complete and comprehensive report and hopes that it will quell some rumors and falsehoods. Ms. McCraw spoke, reiterating that the children of Martinsville are the greatest resource this community has and thanked Council for the opportunity to serve on the School Board.

Update from Workforce Investment Board Project Administrator, Philip Wenkstern The Workforce Investment Board's areas of funding this year is \$2.2million which is a 10% reduction from last year. When unemployment goes down, so does the funding; they expect to make it with carry over funding so they do not anticipate a reduction of services. The Governor is pushing credentials mandating 40% of budget goes through training programs including programs in local community colleges, programs with local training providing certification, on the job training, etc. Strategies are in place for this requirement so there should be no problem. WIB has a couple of new programs this year including the Job Driven National Emergency Grant of \$1.4million for those dislocated workers who have been unemployed over 12 weeks. This grant will pay for training services through community college and place them into on-the-job training programs with employers. WIB has also been awarded a Workforce Innovation Fund Grant dedicated to the working families success network model, this model is designed to provide financial literacy education to individuals who are already receiving workforce services in the workforce program. These people can be placed in the program with primary goals to improve their credit and increase their net worth and overall financial literacy so they can move out of crisis as they gain employment. WIB received a Rides Solutions grant through Department of Rail and Transportation which is intended to address transportation problems in the community. The Business Services team will be working with various employers to reduce miles on the road and introduce a rider match program online. Interested people and employers should contact WIB. WIB is now operating under new Federal Legislation; they were previously operating under the

Workforce Investment Act. Workforce Innovation Opportunity Act passed last year; they are waiting on regulations to see what impact this will have on the WIB. There has been an increased emphasis on serving the out-of-school population for those citizens not enrolled in school services. 25% of youth funding is set aside for in-school youth with remaining 75% for out-of-school youth. Mr. Wenkstern encouraged all dislocated workers to contact WIB, stating that there are several programs available to improve skills.

Approval of a Memorandum of Understanding with the Martinsville-Henry County Chamber of Commerce's Partnership for Economic Growth (C-PEG) for certain services related to expansion of efforts involving small business development in the City of Martinsville – City Manager Towarnicki stated that the final version of the MOU incorporates the three changes requested previously by Council. The C-PEG Board reviewed and approved the revised MOU during their June 24<sup>th</sup> meeting so at this point he considers the document to be in final form and asked for Council's approval. Clay Campbell addressed Council, thanking them for their confidence in C-PEG. He's been involved in C-PEG for many years and feels this is the strongest board they've had. Mr. Campbell commended Amanda Witt, stating she was energetic and very driven. Mayor Turner commented that Council and C-PEG may be looking for more places for another Incubator sight, providing easier access to direct small businesses within the City. Mr. Campbell stated that meetings would be scheduled across the state to address best practices on what C-PEG can bring back locally. Council Member Hodge asked that Mr. Campbell please pass along Council's appreciation to the board for approving the MOU and for being responsive to Councils specific concerns and for coming up with a plan to move forward. Council Member Stroud also shared his appreciation and admiration for Mr. Campbell's service on the C-PEG board. Council Member Teague stated that C-PEG had been very helpful and that few realize the positive impact C-PEG has had on the Farmers Market and the Incubator. Teague felt everyone would be pleased with the results a year from now. Council Member Teague made a motion to approve the Memorandum of Understanding with the Martinsville-Henry County Chamber of Commerce's Partnership for Economic Growth as presented, Council Member Hodge seconded the motion, and all present Council Members voted in favor to approve the revised MOU. A signed copy of the MOU will be kept on file in the City Manager's office.

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING, (the "MOU") made and entered into this the 30th day of June, 2015 by and between the City of Martinsville, a municipal corporation created and existing under and by virtue of the laws of the State of Virginia (hereimafter referred to as "City"), party of the first part, and the Martinsville-Henry County Chamber of Commerce's Partnership for Economic Growth (C-PEG) party of the second part,

## WITNESSETH

THAT, WHEREAS the City of Martinsville desires to allocate additional resources toward small business development to include (but not limited to) recruitment, madesting, expanded technical support and services, incentive programs, etc., for the purpose of expanding the City's tax base, job creation, and increased business growth and activity in the Uptown and other commercial areas; and,

WHEREAS, C-PEG has agreed to contract with the City to provide those and related services for the FY16 fiscal year.

NOW, THEREFORE, in consideration of the mutual and respective covenants and agreements contained herein and made with respect to the performance of the services by C-PEG, the parties to this MOU hereby agree as follows:

- Term—The term of this MOU shall cover a one (1) year period from July 1, 2015 through June 30, 2016. During and as part of the FY17 City budget deliberations, City Council and C-PEG will evaluate the results'success for the program and mutually agree regarding extension of the program for additional periods of time and/or any changes or modifications as may be needed in regard to the score of forch.
- Payment The City will compensate C-PEG for the services described in this MOU in the amount of \$60,000 for the FY16 fiscal year, payable in two installments of \$30,000 each in July, 2015 and January, 2016.
- Council Updates C-PEG will provide updates to City Council no less than on a quarterly basis, and
  more frequently if necessary to keep Council apprised of activities and efforts in regard to the
  execution of this MOU.
- Scope of Work The scope of work included under this MOU shall include at a minimum, the following:
  - a) CPEG will research the possibility of expanding the current small business incubator into different areas of the City. CPEG will also research tech, retail, and skilled trades/vocational incubators which are achieving lavels of success in other communities to determine if they would be a good fit for the City of Martins ville. CPEG officials will visit top incubators to learn best practices and decide what scale they will be applicable on in Martin ville. Once the research is done, a report and resommendation will be presented to CPEG, Council, etc.
- Changes/Additions During the execution of tasks related to this MOU, through frequent interaction
  between C-PEG, City Staff, and Council, there may be opportunities or need to refocus or redirect
  efforts. The City will provide assistance as needed in regard to information available through City
  records.
- 6. The City will maintain one seat on C-PEG's Board. Additionally, two members of the former Martinsville Uptown Revitalization Association (MURA) will occupy seats on C-PEG's Board.

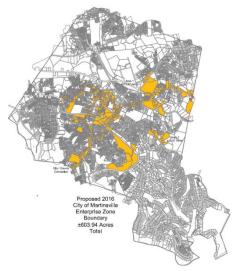
IN WITNESS WHEREOF, Martinsville City Council, party of the first part, has caused this MOU to be executed in its name by its City Manager; and C-PEG, party of the second part, has caused this MOU to be executed in its name by its Board President; this the day and year first above written.

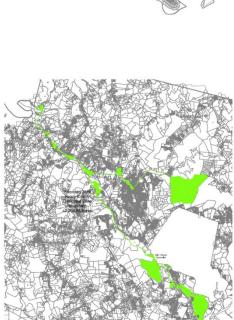
MAKTINSVILLE CITY COUNCIL	C-PEG
BY:	BY:
City Manager	Board President

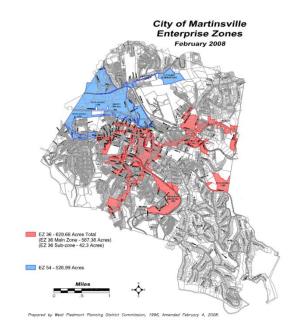
- b) CPGG will develop a comprehensive list of incentives currently available through the City, MURA, CPEG, EDC, and others, will evaluate how effective those incentive have been in fostering new and expanded small business development, will evaluate incentives offered other communities, and will provide recommendations/suggestions regarding changes that might be beneficial. A plan will be developed outlining options to apply layer multiple programs relative to the City and CPEG's ability to access funding streams. This information will be made available to businesses/prospective businesses, entrepreneurs, etc. in written and electronic format and a simplified online navigation process will be developed. Additional microloan funding will be sought as an additional benefit for businesses in Martins ville. CPEG will also craft an aggressive incentive package for up to 5 new businesses willing to locate in the City of Martin ville to include startup costs, utilities, telesorm MINET, staggered tax plan, etc. Incentives beyond those currently in existence will be presented for approval by the Martins ville CYC Council. Efforts will be directed toward targeting selected "anchor" stores or businesses to complement what currently exists.
- c) CPEG will create new activities other than those that currently exist for the Uptown area to help draw visitors/shoppers. CPEG will also discuss longer or altered hours for uptown merchants during such events. C-PEG will also discuss longer or altered hours for uptown merchants during such events. C-PEG will also flacilitate an uptown planning process to determine appropriate ways to target incentives to as sist with the development of unused/underutilized properties. C-PEG will seek and identify new or underutilized partners through DHCD and others to assist with startup cost, alevelop business plan competitions, implement an entrepreneurial boot camp-type curriculum with training providers to assist businesses in taking their business from an idea to a reality. CPEG will visit Virginia Main Street communities that are realing success to gain insight into best practices to replicate in the City of Martins villa. CPEG will also review prior retail strategy studies and make changes/additions/corrections to those studies to meet changing market conditions as well as to meet City needs and initiatives.
- d) CPEG will work diligantly to reach out to small businesses within the city limits to make them aware of any opportunities to assist with business development. This includes bulk mail, phone calls, one on one meetings, email blasts as well as utilizing MGTV as a conduit to deliver these messages. CPEG will also provide data regarding city businesses, the opportunities available for them, how the information is communicated to small businesses, and how many have taken advantage of any such opportunities.
- e) CPEG and the Chamber will continue providing mentoring assistance for small businesses in both the City and the County and will develop a process to a sign or match a staff contact with individual cases to assist in navigating through small business development is user. This process will move to a more intensive level with efforts geared toward development of a onestop-shop concept for communicating from state to finish what it takes to have a successful business in our community. This includes business plan as sistance, financial planning, permitting issues, legal, business licensing, zoning, efforts to identify a suitable space for startup, parking loading/unloading, etc. C-PEG will also continue to follow up with businesses on a regular basis.

2

Set a public hearing regarding a boundary for a new joint enterprise zone - Susan McCulloch corrected the recommendation wording stating that it should read "a public hearing regarding the proposed Enterprise Zone boundary and incentives". The City of Martinsville and Henry County have two joint enterprise zones – Zone 36 and Zone 54. She stated that they are not changing Zone 36; they are starting from scratch to apply for a new zone. Zone 36 will expire December 31, 2015. All Cities with expiring zones must apply for designation in order to receive a new zone if they would like one. This is a highly competitive process and applications to apply for a new zone are due August 1, 2015. Ms. McCulloch stated if they don't apply immediately, they will only have one zone but that they can apply for amendments going forward if necessary. Hodge asked what the public needs to know before attending the public hearing. McCulloch stated that they had worked with property owners and stake holders including Martinsville-Henry County Economic Development Corporation to determine which properties to include in the enterprise zone boundaries. Zone 36 is already a good zone; residential properties were removed from Zone 36 and placed in the proposed zone. There are state and local enterprise zone incentives. Local incentives would include Real Estate Tax grant, Machinery, Tools and Business Equipment IDA grant, Business Professional Occupational License Fee rebate, water fee connection and building permit fee waivers. Enterprise Zone grants include Job Creation grant and Real Property Investment grant which are for industrial, not for medical or retail. A dually advertised public hearing will be held on July 7, 2015 through the Planning Commission and the outcome will be shared with Council during the July 14th meeting. Council Member Teague shared that the enterprise zone is one of the few incentives that the City can provide and there are plenty of other locations who would like to acquire an enterprise zone if the City let's ours expire. He hopes the City will be given preferential treatment of a new enterprise zone for our area. Ms. McCulloch stated that there are only 4 zones left that are open to be applied for August 1, and up to 20 localities that could apply. Council Member Teague made a motion set a public hearing for the July 14 Council meeting regarding the proposed enterprise zone boundaries and incentives, Council Member Stroud seconded the motion, all present Council members voted in favor.







Incentive	Real Estate IDA	Machinery/Tools/ Business	Building Permit Fee	Water Connection Fee	<b>Business Professional</b>
	Tax Grant	Equipment IDA Tax Grant	Waiver (Does NOT	Waiver (Amended March	Occupation License
			include Sign Permits!)	28, 2008 can not be	(BPOL) Fee Rebate
			,	retroactive)	(Amended March 28, 200
				,	cannot be retroactive)
Description	Tax grant based on real	Based on machinery &	Building permits fees waived	Connection charges waived	BPOL fee rebate based on
	property improvements	tools/business equipment	for new and expanding	for domestic and process	gross receipts
	assessed value	assessed value	operations	water service	
Qualifications	Requires new investment for	Requires new investment for	New or expanding operation	New or expanding operations	New operations within the
	plant modernization, building	equipment modernization,	within the zone.	within the zone.	zone. Does not include a
	expansion, or new operation	building expansion or new			transfer of ownership of an
	for the purpose of	operations for the purpose of			exisitng business operation.
	creating/retaining jobs. No	creating/retaining jobs. No			
	minimum investment required.	minimum investment required.			
Benefits Period	Five years	Five years	Each qualified filing	Each qualified filing	Five years
Amount of Benefit	100% of increase for year 1,	100% of increase for year 1,	100% of Fees	Varies	50% of Fees
	50% for years 2, 3, 4 and 5.	50% for years 2, 3, 4 and 5.			
Maximum Amount	None	None	None	None	None
Required Records	Submission of Real Property	Submission of	Submission of Building Permit	Submission of Water	Submission of BPOL Fee
and Forms	Tax Grant application and paid	Machinery/Tools/Business	Fee Waiver Form	Connection Fee Waiver	Rebate Form and paid license
	tax receipts	Equipment application and paid tax receipts			receipts
Submission Dates	July I	January I	Prior to securing permit	Prior to connection	September I
Carry Over/Refund	None	None	None	None	None
For More Informatio	n regarding the incentives sho	own above call the following:			

<u>Approval of consent agenda</u> - Council Member Teague made a motion to approve the consent agenda as distributed, Council Member Stroud seconded the motion, all present members voted in favor.

one i	OB IECT	BUDGET ADDITIONS FOR 6/30/15	DEBIT	CDEDIT
ORG (	OBJECT	DESCRIPTION	DEBIT	CREDIT
General Fund 01100909	490104	Advance/Recovered Costs		10,657
01311085	506008	Police Department - Vehicle/Equipment-Repair &	10,657	10,001
01011000	000000	Insurance claim funds from patrol car loss - 2/13/1		
01101917	442401	Categorical Other State - Confiscated Assets - P		394
01311085	506078	Police Dept - Conf Assets State	394	
0.0000	000010	Proceeds from confiscated vehicle sales		
01100909	490104	Advance/Recovered Costs		500
01321102	506130	Fire Dept Repair & MaintBurn Building	500	
0.0202		Reimbursements for training supplies		
01101917	442401	Categorical Other State - Confiscated Assets - P	olice	3,172
01311085	506078	Police Dept - Conf Assets State	3,172	
		Proceeds from confiscated vehicle sales		
01100909	490801	Recovered Costs - Senior Services		4,105
01714212	506016	Senior Citizens - Program Supplies	2,501	
01714212	501300	Senior Citizens - Part-time Wages	962	
01714212	502100	Senior Citizens - Social Security	60	
01714212	502110	Senior Citizens - Medicare	14	
01714212	506049	Senior Citizens - Vehicle Fuels	568	
VIII 11212		Transportation Grant-March, April, May & Trip/Bin		
01100909	490104	Advance/Recovered Costs		23,329
01433166	506007	Public Health Center - Facility Maint	23,329	20,020
		Reimbursement from Health Dept for Phone/Inte		
01101918	443312	State Grant - JAG/LLEBG		5,172
01311085	506082	Police Departmnt - Byrne/JAG Grant Program	5,172	
		State Grant	-1	
Total Genera	l Fund:		47,329	47,329
Capital Res	erve Fu	ınd:		
16100909	490104	Advance/Recovered Costs		6,800
16575365	508075	Motor Vehicles - Police Dept.	6,800	0,000
10010000	000010	Insurance claim funds from patrol car loss - 2/13/1		
Total Capit	al Rese		6,800	6,800
Telecommu	micatio	ns Fund-		
11100906	461715	Services - Telephoner Set-up Fees Non-Taxable		30,725
11315308	503310	Telecommunication - Prof. Services - Repair & M	9,605	
11315308	508220	Telecommunication - Physical Plant Expansion	21,120	
		Customer payment for extension for service		
Total Telec	ommun	ications Fund:	30,725	30,725
Federal Pro	ograms	(Schools) Fund:		
20102926	420174	School Improvement 13		624,415
86821310	561120	Instructional S&V	15,120	
86821310	562100	Social Security	937	
86821310	562150	Medicare FICA	219	
86821310	563000	Purchased Services	584,138	
86821310	566013	Instructional Materials	24,000	
20102926	420175	School Improvement 14	21,000	606,915
86831310	561120	Instructional S&W	21,120	000,010
18101917	562100	Social Security	1,330	
18101917	562150	Medicare FICA	327	
18101917	563000	Purchased Services	584,138	
20102926	428728	Title 4B 12	304,130	22,883
	428738	Title 4B 13		14,298
	428748	Title 4B 14		
20102926		Purchased Services	81,031	46,931
20102926	E62000	r gronaseg pervices		
20102926 86901100	563000 ECE240	Communications		
20102926 86901100 86901100	565240	Communications	143	
20102926 86901100 86901100 86901100	565240 565503	Travel	438	
20102926 86901100 86901100 86901100 86901100	565240 565503 566000	Travel Materials & Supplies		
20102926 86901100 86901100 86901100 86901100 20102926	565240 565503 566000 420172	Travel Materials & Supplies Special Ed Math	438 2,500	
20102926 86901100 86901100 86901100 86901100 20102926 86701100	565240 565503 566000 420172 563000	Travel Materials & Supplies Special Ed Math Purchased Services	438 2,500 2,500	
20102926 86901100 86901100 86901100 86901100 20102926 86701100 86701100	565240 565503 566000 420172 563000 566013	Travel Materials & Supplies Special Ed Math	438 2,500	

## Business from the Floor

William Eggleston, 1507 Roundabout Rd – wanted to thank Council, he said many people supported having the Housing Department building moved on Fourth St but he had read in the paper that it would not be moved. He says the bus doesn't go down that far and it's hard for elderly people to get around.

Mike Evans – wanted to express support and advocacy for reversion to a town. Citizens need to get involved and become informed. Mr. Evans stated that going forward, in his opinion, it's the only way Martinsville City can survive financially.

Patrick Wright, 1201 Spruce St – asked what area is considered the Piedmont and if Martinsville was included. Mayor Turner stated geographically the Piedmont is the area between the fall line and the mountains and goes through Central Virginia.

## Comments by members of City Council

Council Member Stroud – Congratulations to UVA for winning the College World Series and the Capital 1 Cup, UVA is the #1 ranked college athletic program in the country. He also wanted to recognize all the fathers out there who look after their family, neighbors and the City.

Council Member Teague – the Fourth of July is time to celebrate our freedoms, he thanked those who have served and are serving and their sacrifices. He hopes everyone comes out to the Speedway for Celebration 2015.

Council Member Hodge – addressed an article in today's Martinsville Bulletin. In her opinion, the article contained misleading information regarding the upcoming public discussion of fluoridation of water. Back in December, she had the opportunity to speak to Will Boyd and he expressed concern about our water quality. He did research and then came before Council making a presentation of his findings on water quality. There were several others who came forward after that to speak about fluoridation. This was not a group of outside agitators that were publicly paid to fight for an organization, but a group of citizens that were concerned about the quality of the water. Public views should be given the same consideration as a government official and she hopes local media will grant equal space to both sides offering an unbiased view.

Mayor Turner – thanked FAHI for inviting him to the June German Ball, it was a very nice event and several people in the community were recognized. Turner recognized Tyler Millner who held a memorial service Saturday at noon for the Charleston, SC events. He was honored to attend the First Baptist Church of East Martinsville and the First Baptist Church of Martinsville memorial services. He reminded the public of the Celebration events at the Martinsville Speedway, activities are free and it's a good place to take family. Martinsville Mustang will also offer fireworks on Saturday.

June 30, 2015

<u>Comments by City Manager</u> - City Manager Towarnicki shared that the grand opening for the Henry Hotel project would be held Wednesday, July 29 at 11:00am.

Council Hodge made a motion to adjourn the meeting, Council Member Stroud seconded the motion and all present members voted in favor.

seconded the motion and all present members	voted in favor.
There being no further business, the me	eeting adjourned at 8:48 pm.
Karen Roberts	Danny Turner
Clerk of Council	Mayor